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UNITED STATES DEPARTMENT OF COMMERCE  
Office of the General Counsel  
OFFICE OF THE CHIEF COUNSEL FOR EXPORT ADMINISTRATION  
Washington, D.C. 20230

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Expeditors International of Washington, Inc.  
1015 Third Avenue  
Twelfth Floor  
Seattle, Washington 98 104

Attention: *Glen M. Alger*  
President

Dear Mr. Alger:

The Office of Export Enforcement, Bureau of Export Administration, United States Department of Commerce (BXA), hereby charges that, as described in detail below, Expeditors International of Washington, Inc. (**Expeditors**) has violated the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (1999)) (the Regulations),<sup>1</sup> issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C.A. app. §§ 2401-2420 (1991 & Supp. 1999)) (the Act).<sup>2</sup>

Facts constituting violation:

Charge 1

On or about August 26, 1995, Expeditors, through its South San Francisco, California office, shipped U.S. origin commodities, *to wit*, one set of trillium MM1 1H 208 pins tester with one head, to Realtek Semiconductor Company, Ltd. (Realtek) in Taiwan, a person denied all U.S. export privileges by Order dated August 3, 1995. See 60 *Fed Reg.* 4056540566, August 9, 1995. Expeditors' involvement in this transaction was contrary to the terms of the August 3, 1995 Order denying Realtek export privileges. BXA alleges that, by exporting any U.S. origin commodity from the United States to Realtek in violation of or contrary to any provision of the Act or any regulation,

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<sup>1</sup> The violation at issue occurred in 1995. The Regulations governing the violation at issue are found in the 1995 version of the Code of Federal Regulations (15 C.F.R. Parts 768-799 (1995)) (the "former Regulations"). Since that time, the Regulations have been reorganized and restructured; the restructured Regulations establish the procedures that apply to this matter.

<sup>2</sup> The Act expired on August 20, 1994. Executive Order 12924 (3 C.F.R., 1994 Comp. 917 (1995)), extended by Presidential Notices of August 15, 1995 (3 C.F.R., 1995 Comp. 501 (1996)), August 14, 1996 (3 C.F.R., 1996 Comp. 298 (1997)), August 13, 1997 (3 C.F.R., 1997 Comp. 306 (1998)), August 13, 1998 (3 C.F.R., 1998 Comp. 294 (1999)) and August 10, 1999 (64 *Fed. Reg.* 441010, August 13, 1999) continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C.A. §§ 1701-1706 (1991 & Supp. 1999)).

order or license issued thereunder, Expeditors committed one violation of Section 787.6 of the former Regulations.

Accordingly, Expeditors is hereby notified that an administrative proceeding is instituted against it pursuant to Section 13(c) of the Act and Part 766 of the Regulations for the purpose of obtaining an order imposing administrative sanctions, including any or all of the following:

The maximum civil penalty allowed by law of \$10,000 per violation (see Section 764.3(a)(1) of the Regulations);

Denial of export privileges (see Section 764.3(a)(2) of the Regulations); and/or

Exclusion from practice before BXA (see Section 764.3(a)(3) of the Regulations).

Copies of relevant Parts of the Regulations are enclosed.

If Expeditors fails to answer the charges contained in this letter within 30 days **after** being served with notice of issuance of this letter as provided in Section 766.6 of the Regulations, that failure will be treated as a default under Section 766.7 of the Regulations.

Expeditors is further notified that it is entitled to an agency hearing on the record as provided by Section 13(c) of the Act and Section 766.6 of the Regulations, if a written demand for one is filed with its answer, to be represented by counsel, and to seek a consent settlement.

Pursuant to an Interagency Agreement between BXA and the U.S. Coast Guard, the U.S. Coast Guard is providing administrative law judge services, to the extent that such services are required under the Regulations, in connection with the matters set forth in this letter. Accordingly, Expeditors' answer should be filed with the U.S. Coast Guard ALJ Docketing Center, 40 S. Gay Street, Baltimore, Maryland 21202-4022, in accordance with the instructions in Section 766.5(a) of the Regulations. In addition, a copy of Expeditors' answer should be served on BXA at the address set forth in Section 766.5(b), adding "ATTENTION: Melissa B. Mannino, Esq." below the address. Ms. Mannino may be contacted by telephone at (202) 482-5304.

Sincerely,

Mark D. Menefee  
Director  
Office of Export Enforcement

Enclosure

UNITED STATES DEPARTMENT OF COMMERCE  
BUREAU OF EXPORT ADMINISTRATION  
WASHINGTON, D.C. 20230

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In the Matter of )  
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EXPEDITORS INTERNATIONAL )  
OF WASHINGTON, INC. )  
1015 Third Avenue )  
Twelfth Floor )  
Seattle, Washington 98 104, )  
 )  
\_\_\_\_\_  
Respondent )

SETTLEMENT AGREEMENT

This Agreement is made by and between Expeditors International of Washington, Inc. (Expeditors) and the Bureau of Export Administration, United States Department of Commerce, pursuant to Section 766.18(a) of the Export Administration Regulations (15 C.F.R. Parts 730-774 (1999)) (the Regulations),<sup>1</sup> issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C.A. app. §§ 2401-2420 (1991 & Supp. 2000)) (the Act).<sup>2</sup>

WHEREAS, the Office of Export Enforcement, Bureau of Export Administration (BXA), has notified Expeditors of its intention to initiate an administrative proceeding against it pursuant

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<sup>1</sup> The violation at issue occurred in 1995. The Regulations governing the violation at issue are found in the 1995 version of the Code of Federal Regulations (15 C.F.R. Parts 768-799 (1995)) (the former Regulations). Since that time the Regulations have been reorganized and restructured; the restructured Regulations establish the procedures that apply to this matter.

<sup>2</sup> The Act expired on August 20, 1994. Executive Order 12924 (3 C.F.R., 1994 Comp. 917 (1995)), extended by Presidential Notices of August 15, 1995 (3 C.F.R., 1995 Comp. 501 (1996)), August 14, 1996 (3 C.F.R., 1996 Comp. 298 (1997)), August 13, 1997 (3 C.F.R., 1997 Comp. 306 (1998)), August 13, 1998 (3 C.F.R., 1998 Comp. 294 (1999)), and August 10, 1999 (3 C.F.R., 1999 Comp. 302 (2000)), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C.A. §§ 1701-1706 (1991 & Supp. 2000)).

to the Act and the Regulations, based on allegations that on or about August 26, 1995, Expeditors, through its South San Francisco **office**, shipped U.S.-origin commodities, *to wit*, one set of **trillium** MM1 **1H** 208 pins tester with one head, to Realtek Semiconductor Company, Ltd. in Taiwan, a person denied all U.S. export privileges by Order dated August 3, 1995, thereby violating Section 787.6 of the former Regulations;

WHEREAS, Expeditors has reviewed the proposed Charging Letter and is aware of the allegations made against it and the administrative sanctions that could be imposed against it if the allegations are found to be true; it **fully** understands the terms of this Settlement Agreement and the appropriate Order; it enters into this Settlement Agreement voluntarily and with **full** knowledge of its rights, and it states that no promises or representations have been made to it other than the agreements and considerations herein expressed;

WHEREAS, Expeditors neither admits nor denies the allegations contained in the proposed Charging Letter;

WHEREAS, Expeditors wishes to settle and dispose of all matters alleged in the proposed Charging Letter by entering into this Settlement Agreement; and

WHEREAS, Expeditors agrees to be bound by an appropriate Order giving effect to the terms of this Settlement Agreement, when entered (appropriate Order);

NOW THEREFORE, Expeditors and BXA agree as follows:

1. BXA has jurisdiction over Expeditors, under the Act and the Regulations, in connection with the matters alleged in the proposed Charging Letter.

2. BXA and Expeditors agree that the following sanction shall be imposed against Expeditors in complete settlement of the alleged violation of the Act and the former Regulations set forth in the proposed Charging Letter:

- a. Expeditors shall be assessed a civil penalty in the amount of **\$5,000**, which shall be paid to the U.S. Department of Commerce within 30 days from the date of entry of the appropriate Order.
- b. As authorized by Section 1 l(d) of the Act, the timely payment of the civil penalty agreed to in paragraph 2a. is hereby made a condition to the granting, restoration, or continuing validity of any export license, permission, or privilege granted, or to be granted, to Expeditors. Failure to make timely payment of the civil penalty set forth above shall result in the denial of all of Expeditors' export privileges for a period of one year from the date of entry of the appropriate Order imposing the civil penalty.

3. Expeditors agrees that, subject to the approval of this Settlement Agreement pursuant to paragraph 8 hereof, it hereby waives all rights to **further** procedural steps in this matter (except with respect to any alleged violations of this Settlement Agreement or the appropriate Order, when entered), including, without limitation, any right: (a) to an administrative hearing regarding the allegations in the proposed Charging Letter; (b) to request a refund of any civil penalty paid pursuant to this Settlement Agreement and the appropriate Order, when entered; and (c) to seek

judicial review or otherwise to contest the validity of this Settlement Agreement or the appropriate Order, when entered.

4. BXA agrees that, upon entry of an appropriate Order, it will not initiate any administrative proceeding against Expeditors in connection with any violation of the Act or the former Regulations arising out the transaction identified in the proposed Charging Letter.

5. Expeditors understands that BXA will make the proposed Charging Letter, this Settlement Agreement, and the appropriate Order, when entered, available to the public.

6. BXA and Expeditors agree that this Settlement Agreement is for settlement purposes only. Therefore, if this Settlement Agreement is not accepted and an appropriate Order is not issued by the Assistant Secretary for Export Enforcement pursuant to Section 766.1 S(a) of the Regulations, BXA and Expeditors agree that they may not use this Settlement Agreement in any administrative or judicial proceeding and that the parties shall not be bound by the terms contained in this Settlement Agreement in any subsequent administrative or judicial proceeding.


7. No agreement, understanding, representation or interpretation not contained in this Settlement Agreement may be used to vary or otherwise affect the terms of this Settlement Agreement or the appropriate Order, when entered, nor shall this Settlement Agreement serve to bind, constrain, or otherwise limit any action by any other agency or department of the United States Government with respect to the facts and circumstances addressed herein.


8. This Settlement Agreement shall become binding on BXA only when the Assistant Secretary for Export Enforcement approves it by entering an appropriate Order, which will have

the same force and effect as a decision and order issued after a **full** administrative hearing on the record.

BUREAU OF EXPORT ADMINISTRATION  
U.S. DEPARTMENT OF COMMERCE

EXPEDITORS INTERNATIONAL  
OF WASHINGTON, INC.

  
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Mark D. Menefee  
Director  
Office of Export Enforcement

  
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Jeffrey J. King  
Vice President and General Counsel

Date: 8/21 00

Date: August 2, 2000

UNITED STATES DEPARTMENT OF COMMERCE  
BUREAU OF EXPORT ADMINISTRATION  
WASHINGTON, D.C. 20230

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In the Matter of )  
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EXPEDITORS INTERNATIONAL )  
OF WASHINGTON, INC. )  
10 15 Third Avenue )  
Twelfth Floor )  
Seattle, Washington 98 104, )  
 )  
Respondent )  
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ORDER

The Office of Export Enforcement, Bureau of Export Administration, United States Department of Commerce (BXA), having notified Expeditors International of Washington, Inc. (Expeditors) of its intention to initiate an administrative proceeding against it pursuant to Section 13(c) of the Export Administration Act of 1979, as amended (50 U.S.C.A. app. §§ 2401-2420 (1991 & Supp. 2000)) (the "Act"),<sup>1</sup> and the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (1999)) (the "Regulations"),<sup>2</sup> based on allegations that, on or about August 26, 1995, Expeditors shipped U.S.-origin commodities, *to wit*, one set of trillium

<sup>1</sup> The Act expired on August 20, 1994. Executive Order 12924 (3 C.F.R., 1994 Comp. 917 (1995)), extended by Presidential Notices of August 15, 1995 (3 C.F.R., 1995 Comp. 501 (1996)), August 14, 1996 (3 C.F.R., 1996 Comp. 298 (1997)), August 13, 1997 (3 C.F.R., 1997 Comp. 306 (1998)), August 13, 1998 (3 C.F.R., 1998 Comp. 294 (1999)), and August 10, 1999 (3 C.F.R., 1999 Comp. 302 (2000)), continued the Regulations in effect under the International Emergency Economic Powers Act (currently codified at 50 U.S.C.A. §§ 1701-1706 (1991 & Supp. 2000)).

<sup>2</sup> The violation at issue occurred in 1995. The Regulations governing the violation at issue are found in the 1995 version of the Code of Federal Regulations (15 C.F.R. Parts 768-799 (1995)) (the "former Regulations"). Since that time the Regulations have been reorganized and restructured; the restructured Regulations establish the procedures that apply to this matter.



MM11H 208 pins tester with one head, to Realtek Semiconductor Company, Ltd. in Taiwan, a person denied all U.S. export privileges by Order dated August 3, 1995, thereby violating Section 787.6 the former Regulations; and,

BXA and Expeditors having entered into a Settlement Agreement pursuant to Section 766.18(a) of the Regulations whereby they agreed to settle this matter in accordance with the terms and conditions set forth therein, and the terms of the Settlement Agreement having been approved by me;

IT IS THEREFORE ORDERED:

FIRST, that a civil penalty of \$5,000 is assessed against Expeditors, which shall be paid to the United States Department of Commerce within 30 days from the date of entry of this Order. Payment shall be made in the manner specified in the attached instructions.

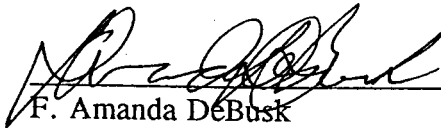
SECOND, that, pursuant to the Debt Collection Act of 1982, as amended (31 U.S.C.A. §§3701-3720E (1983 and Supp. 2000)), the civil penalty owed under this Order accrues interest as more fully described in the attached Notice, and, if payment is not made by the due date specified herein, Expeditors will be assessed, in addition to interest, a penalty charge and an administrative charge, as more fully described in the attached Notice.

THIRD, that, as authorized by Section 1 l(d) of the Act, the timely payment of the civil penalty set forth above is hereby made a condition to the granting, restoration, or continuing validity of any export license, License Exception, permission, or privilege granted, or to be granted, to Expeditors. Accordingly, if Expeditors should fail to pay the civil penalty in a timely manner, the undersigned will enter an Order under the authority of Section 1 l(d) of the Act

denying all of Expeditors' export privileges for a period of one year from the date of entry of this Order.

FOURTH, that the proposed Charging Letter, the Settlement Agreement, and this Order shall be made available to the public.

This Order is effective immediately.

  
F. Amanda DeBusk  
Assistant Secretary  
for Export Enforcement

Entered this 9<sup>th</sup> day of Aug 0

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UNITED STATES DEPARTMENT OF  
**COMMERCE**  
**NEWS**

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WASHINGTON, D.C. 20230

BUREAU OF  
EXPORT  
ADMINISTRATION

FOR IMMEDIATE RELEASE:  
August 9, 2000  
[www.bxa.doc.gov](http://www.bxa.doc.gov)

Contacts: Steven Jacques  
Eugene Cottilli  
(202) 482-2721  
(202) 482-2421 (fax)

## **WASHINGTON COMPANY SETTLES CHARGES OF ILLEGAL EXPORTS**

WASHINGTON -- Commerce Assistant Secretary for Export Enforcement F. Amanda DeBusk today imposed a \$5,000 civil penalty on Expeditors International, Inc., through its San Francisco office, for facilitating the export of U.S.-origin equipment to a Denied Party. It is a violation of the Export Administration Regulations for a person to take any action that facilitates the acquisition or attempted acquisition by a denied person of any item subject to the Regulations.

The Department alleged that Expeditors International, in 1995, facilitated the export of semiconductor test equipment from the United States to Taiwan. The export was destined to a Denied Person, Realtek Semiconductor Co., Ltd., of Taipei, Taiwan.

Commerce's Boston Office of Export Enforcement investigated the case.

The Department of Commerce, through its Bureau of Export Administration, administers and enforces export controls for reasons of national security, foreign policy, nonproliferation and short supply. Criminal penalties, as well as administrative sanctions, can be imposed for violations of the regulations.